

Social Security

Hingham employees, like all other Massachusetts public employees, do not participate in Social Security as public employees. You may contribute into Social Security through other private sector or federal employment. Employees hired on or after January 1, 1987, contribute toward the Medicare Plan through payroll withholdings. Typically, retirees qualify for Social Security benefits by either earning forty (40) quarters of credit or through the work history of a qualified spouse. However due to federal laws originating in the late-1970s, many Massachusetts public retirees are now unable to collect their full Social Security benefit. Some retirees actually see their entire Social Security benefit eliminated due to the offset law.

These two federal laws are known as the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP). Currently, roughly half of retired Town of Hingham employees are exempt from these laws, having been either retired or eligible to retire before the change took effect in the 1980s. However, nearly all recent and future retirees will be affected by the GPO or WEP.

The GPO was a provision in the 1977 Social Security Amendments signed into law by President Jimmy Carter, at a time when the Democrats controlled both the House and Senate. The provision originated in the Senate Finance Committee, then chaired by Sen. Russell Long (D-LA). House Ways and Means Committee Chairman Al Ullman (D-OR) pushed through an amendment in the House to provide a five-year transition period so that the GPO was not effective until 1982. Subsequent amendments changed the effective date to 1983, and applied the \$1-for-\$1 offset against two-thirds of the pension, instead of the entire pension used as the offset in the original provision.

The WEP was enacted as part of the 1983 Social Security Refinancing Act, designed to shore up the financing of the Social Security Trust Fund. That Act was signed into law by President Ronald Reagan, after being adopted by the Democratic-controlled House where Rep. Dan Rostenkowski (D-IL) chaired the House Ways and Means Committee and the Republican-controlled Senate, where Sen. Robert Dole (R-KS) chaired the Senate Finance Committee.

How the Laws Work

As for the GPO, it affects members who apply for SS spousal benefits, based upon their husband's or wife's work record under the program, and fail to satisfy two exceptions. Members must either be eligible for their public pension before December 1, 1982 and meet all requirements for Social Security spousal benefits in effect in January 1977, or be eligible for their pension before July 1, 1983 and receiving one-half support from his or her spouse.

Unless a member satisfies one of these two exceptions, then the amount of their Social Security spousal benefits will be reduced by two-thirds of their public pension. For example, if your pension is \$9,000 and you're eligible for \$6,000 in SS spousal benefits, two-thirds of your pension (\$6,000) would unfortunately reduce your SS benefits to zero. Note: Even if you do not receive actual benefits, you can still be covered by Medicare.

As for the WEP, this law affects members who apply for their own (not spousal) SS benefits and fail to satisfy certain exceptions. Principal among the exceptions is that members, who were eligible for their public pension before January 1, 1986 (i.e., 20/more years of service under age 55, or 10/more years over 55) or have at least 30 years of substantial coverage under Social Security, are exempt from the WEP. (There is some relief for those with 20-30 years of Social Security coverage.)

If a member doesn't satisfy the exceptions, then they are subject to the WEP, meaning that their SS benefits will be calculated using a different formula. Under that different formula, instead of receiving 90% of the first \$592, which the member earned on the average each month (in this case, \$533), the member would receive only 40% of their first \$592 (\$237) - some 55% less in benefits!

Editor's note, the above information was provided by the Retired State, County and Municipal Employees Association of Massachusetts, which is one of the leading organizations fighting for the federal repeal of the WEP/GPO laws.